

**BYLAWS, RULES AND REGULATIONS
OF THE STAGESTOP OWNERS ASSOCIATION
As accepted by General Membership June 2010**

The following Bylaws, Rules and Regulations ("Rules") of the Stagestop Owners Association ("SOA") supplement the Declaration of Protective Covenants for the Stagestop Subdivision in order to implement the Colorado Common Interest Ownership Act, C.R.S. ' 38-33.3-101 et seq., as recently amended.

1. **NAME, ADDRESS AND MEETING PLACE:** The name of the corporation is the STAGESTOP OWNERS ASSOCIATION INC. hereinafter referred to as SOA. The mailing address is 493 Stagestop Rd. Box SS D-5 Jefferson Co. 80456. Meeting place will be designated by the Board of Directors.
2. **PURPOSE AND RESPONSIBILITY:** The purpose for which the corporation is organized shall be to organize and operate recreational and social facilities and activities exclusively for members of the SOA, their families and guests. In carrying out these purposes, SOA shall accept title to land and facilities for social and recreational uses and activities, control and maintain said areas, establish rules for the use and enjoyment of the areas, and shall take other action as shall be consistent with the purpose of the corporation.
3. **MEMBERSHIP:** Any person, persons or entity purchasing property within Stagestop development automatically becomes a member of SOA when the agreement for the sale and purchase of property is accepted by both purchaser and seller. This is the sole requirement for said membership. Each tract or separate parcel of unsubdivided Stagestop land represents one membership unit. Membership is appurtenant to and may not be separated from ownership of property.
4. **SUSPENSION OF MEMBERSHIP RIGHTS:** If a member is in default in payment of dues/assessments levied by SOA, he may not vote nor use the common areas and also may be suspended, after notice and hearing, for violation of rules and regulations governing the common areas and facilities. The length of time of such suspension shall be at the discretion of the Board of Directors.
5. **RIGHTS:** Each member and all members of his immediate family shall be entitled to the use and enjoyment of the common areas and facilities. Upon sale of the property by Deed or Contract, said membership passes to the new owner with all rights, privileges and obligations. The old member will notify the Secretary of the SOA in writing of the name and address of the new owner.

ARTICLE ONE: MEMBERS AND MEMBERS MEETINGS

Section One. Annual Meetings. Annual meetings of the Members shall be held on or about June 15 of each year. At such meetings there shall be elected by secret ballot of the Members a Board of Directors in accordance with the requirements of the Declaration and the Bylaws. Ballots shall be counted by a neutral third party or by a Member who is not a candidate, who attends the meeting at which the vote is held, and who is selected at random from a pool of two or more such Members. The results of the vote shall be reported without reference to the voters names, addresses, or other identifying information.

PROXIES: Members may vote in person or by proxy at all meetings. Proxies will be in writing and sent to the secretary or another voting member prior to the meeting. If a proxy is given to a board member that board member has the right to use that proxy as he/she sees fit. Proxies cannot be transferred to non-members.

QUORUM: One half of the total membership shall constitute a quorum whether in person or by proxy vote. The board of directors shall have the right to vote those votes of members who are not represented either in person or by proxy at any SOA general membership meeting including the annual meeting. These votes must be cast in the portion as the votes of the SOA members present and represented by proxy. The purpose of this paragraph is to assure a quorum at any SOA meeting, but at the same time to assure the rights and privileges of the SOA membership.

Section Two. Special Meetings. Special meetings of the Members may be called by the president, by a majority of the Board of Directors, or by Members having twenty percent of the votes in the Association.

Section Three. Notice of Meetings. Not less than ten (10) nor more than fifty (50) days in advance of any meeting of the Members, the Secretary shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Property or to any other mailing address designated in writing by the Member. In addition, the notice of any meeting shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable. The Secretary may post the notice of meeting on a web site in addition to such printed notices. If electronic means of notice are available, the Secretary shall provide notice of all regular and special meetings of Members by electronic mail to all Members who so request and who furnish their electronic mail addresses. Electronic notice of a special meeting shall be given as soon as possible but at least twenty-four (24) hours before the meeting. The Secretary shall provide an affidavit to be included in the official records of the Association, affirming that notices of the Members meetings were provided in accordance with this provision, to each Member at the address last furnished the Association.

Section Four. Minutes. Minutes shall be taken at all meetings of members. The minutes shall be kept as permanent records and available for inspection and copying as provided in Rules Article Five.

Section Five. Participation at Meetings. All meetings of the Members are open to every Member, or to any person designated by a Member in writing as the Member's representative, and all Members or designated representatives so desiring shall be permitted to attend, listen and speak at an appropriate time during the deliberations and proceedings. The Board may place reasonable time restrictions on those persons desiring to speak during the meeting but shall permit a Member or Member's representative to speak before the formal action is taken on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue. Notwithstanding these principles, if

the Board receives legal advice to resolve a matter concerning pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, in an open meeting.

ARTICLE TWO: DIRECTORS AND DIRECTORS MEETINGS

Section One. Election and Terms of Office. The terms of the Directors shall be fixed at two years. At the annual meeting, Members shall elect two directors for two-year terms and in alternate years, three directors for two-year terms. At the expiration of a term of office of each director, his or her successor shall be elected to serve for a term of two years. Directors shall hold office until their successors have been elected and hold their first meeting. The secret ballot procedure set out in Rules Article One, Section One shall be followed for the election of Directors at annual Members meetings. Following the annual meeting and at the first meeting of the directors, the new board of directors shall elect a president, vice president and /or secretary and treasurer and other officers as the board of directors may create, for a one year term at that position and be eligible for re-election.

Removal: Any director or directors may be removed by a majority vote of the SOA board or members entitled to vote. The board may remove a director for cause and a successor shall be appointed by voting members at the next annual meeting. In the event of death or resignation of a director his successor shall be selected by the remaining members of the board and shall service for the unexpired term. Upon the death, resignation or removal of a director, all property of SOA shall be returned immediately.

Section Two. Meetings Open to Members. Shall be held when called by the president of the board or by any two (2) directors, after not less than three (3) days notice to each director. All meetings of the Board of Directors are open to every Member, or to any person designated by a Member in writing as the Member's representative, and all Members or designated representatives so desiring shall be permitted to attend, listen and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board, Members who are not Directors may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board. The Board may place reasonable time restrictions on those persons desiring to speak during the meeting but shall permit a Member or Member's representative to speak before the formal action is taken on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue. Agendas for meetings of the Board of Directors shall be made reasonably available for examination by all Members or their representatives. The Board may provide the agendas in electronic form, such as by posting on a web site or otherwise, in addition to providing the agendas in printed form.

Section Three. Minutes. Minutes shall be taken at all meetings of the Board of Directors. The minutes shall be kept as permanent records and available for inspection and copying as provided in Rules Article Five.

Section Four. Responsible Governance Policies. All members of the Board of Directors shall follow the Responsible Governance Policies set out in Rules Article Six.

Section Five. Audit Policy. The Directors shall ensure that the books and records of the association are subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, at least once every two years by a person selected by the Directors. Such person need not be a certified public accountant except in the case of an audit.

An audit is required by law only when both of the following conditions are met:

- (1) the Association has annual revenues or expenditures of at least two hundred fifty thousand dollars; and
- (2) an audit is requested by the owners of at least one-third of the units represented by the association.

Copies of an audit or review shall be made available upon request to any Member no later than thirty days after its completion.

Section Six. Budget Procedure. Within ninety (90) days after adoption of any proposed budget for SOA, the Board of Directors shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all the Members and shall set a date for a meeting of the Members to consider the budget. Such meeting shall occur within a reasonable time after mailing or other delivery of the summary, or as allowed for in the Bylaws. The Directors shall give notice to the Members of the meeting as required by these Rules. The budget proposed by the Board of Directors will be deemed approved by the Members in the absence of a veto at the noticed meeting by a majority of all Members, whether or not a quorum is present. In the event that the proposed budget is vetoed, the budget last proposed by the Board of Directors and not vetoed by the Members must be continued until a subsequent budget proposed by the Board of Directors is not vetoed by the Members.

ARTICLE THREE: OFFICERS

DUTIES: The board of directors must enforce the covenants. Legal action may be pursued if members do not keep their property according to the covenants. The services of a lawyer can be called upon if deemed necessary. The board of directors must reply to letters from members. Directors must follow up on all complaints from the members. The board of directors shall not be held liable for any action taken to enforce the covenants. The board of directors shall keep corporate and financial records, and make annual reports to the members. They shall fix, change or amend any assessments as required to provide the association with sufficient operating capital. The board of directors shall have an audit review of the financial records approximately 30 days before

the annual meeting. A full audit will be conducted every five (5) years. If the treasurer is replaced within that time, a full audit will be conducted. The board of directors shall also provide for the maintenance of the common areas.

Quorum: A majority of the total number of directors shall constitute a quorum, and decisions by a quorum shall be binding on all members of SOA.

Compensation: No director shall receive compensation for any services rendered; however, he may be reimbursed for actual expenses incurred in the performance of duties.

Section One. Additional Duties of Secretary. The Secretary shall ensure that the Association is in compliance with the provisions of the Rules Article Five, with respect to records.

Section Two. Additional Duties of Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Executive Board; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare a proposed annual budget and a statement of income and expenditures to be presented to the Members, and deliver a copy of the proposed budget to the Board of Directors. The Treasurer shall ensure that the Association's records are maintained by using generally accepted accounting principles, and shall ensure that the investment of reserve funds is accomplished according to the Responsible Governance Policies set out in Rules Article Six.

ARTICLE FOUR: DUES AND ASSESSMENTS

In carrying out their duties and responsibilities with regard to dues and assessments the Directors shall apply the notice and hearing procedures of the Responsible Governance Policies set out in Rules Article Six, Section One.

Rates: The annual dues shall be \$73.00 per annum per lot due January 1st of every year unless said amount is changed at the annual membership meeting. Purchasers of multiple lots will be charged for a maximum of two lots. SOA dues may be lowered by the board of directors but may be raised only by a majority vote of the members present or represented by proxy at a general membership meeting. **: Except that in order to raise the SOA dues for the TFC, SOA will follow the Memorandum of Understanding (MOU) agreed to by the SOA in May, 2010 There will be a mail in ballot sent to all members of the TFC. When all returned ballots are counted and if the results approve an increase for the TFC dues all monies will be collected by SOA and distributed according to the MOU.**

ARTICLE FIVE: RECORDS

Section One. Annual Information. The Association shall make the following written information available to all Members at least once per year: (1) the name of the Association; (2) the name of the Association's designated agent or management company, if any; (3) the name of the subdivision; and (4) the initial date of recording and the reception number of the Declaration. If the Association's address, designated agent or management company changes, the Association shall provide all Members with an amended notice within 90 days of the change.

Section Two. Information Provided Free of Charge to Members. The Association shall make the following information available to all Members free of charge (although the expense of distribution shall be a common expense liability) within 90 days of assuming control from the Declarant and within 90 days of the close of each fiscal year thereafter: (1) the date its fiscal year begins; (2) the Association's operating budget for the current fiscal year; (3) a list, by unit type, of the Association's current assessments, including both regular and special assessments; (4) the Association's annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure; (5) the results of any financial audit or review for the fiscal year immediately preceding the current annual disclosure; (6) a list of all Association insurance policies including, but not limited to, property, general liability, association director and officer professional liability, and fidelity policies, and including the company names, policy limits, policy deductibles, additional named insureds, and expiration dates; (7) the Association's Articles, Bylaws and Rules and Regulations; (8) the minutes of the Directors' and Members' meetings for the fiscal year immediately preceding the current annual disclosure; and (9) the Association's Responsible Governance Policies (Rules Article Six). The Association shall make such information available either by posting it on an internet web page with notice of the web address sent to Members by first class mail or email, or by maintaining a literature table at the Association's principal place of business, or by mail or personal delivery.

Section Three. Permanent Records. The Association shall keep the following as permanent records which shall be reasonably available for inspection and copying by any Member or Member's authorized agent: (1) financial records sufficiently detailed to provide a statement of unpaid assessments pursuant to C.R.S. '38-33.3-316(8); (2) minutes of all meetings of Members and of Directors; (3) a record of all actions taken by the Members or Directors by written ballot or written consent in lieu of meeting; (4) a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Association; (5) a record of all waivers of notices of meetings of the Members, the Board of Directors and any committee of the Board of Directors; (6) a record that permits the preparation of a list of Members' names and addresses, showing the number of votes each Member is entitled to vote; (7) the Association's Articles of incorporation or organization; (8) the Declaration of Covenants; (9) the Association's Bylaws; (10) Board of Directors' resolutions relating to the characteristics, qualifications, rights, limitations and obligations of Members or any category of Members; (11) the minutes of all Members' meetings, and records of all actions taken without a meeting, for the past three years; (12) all written communications from the Association to the Members; (13) a list of the names and business or home addresses of the Association's directors and officers; (14) the most recent annual report, if any; and (15) all financial audits or reviews conducted at least once every two years pursuant to C.R.S. '38-33.3-303(4)(b). The term Are

reasonably available at means that the Association's copying charge shall not exceed the Association's actual cost per page, that the records shall be available during normal business hours, upon notice of five business days, that the request shall be made in good faith and for a proper purpose, that the request shall describe the records sought and the purpose of the request with reasonable particularity, and that the records shall be relevant to the purpose of the request.

Section Four. Sellers' Records Requests. The Association shall use its best efforts to accommodate any request pursuant to C.R.S. '38-33.3-223 by a seller of one of the Properties for documents within the Association's control, in accordance with Section Three, above.

ARTICLE SIX: RESPONSIBLE GOVERNANCE POLICIES

Section One. Collection of Unpaid Assessments All subsequent dues payments shall become due and payable on January 1 of each year, and a late fee of \$25.00 will be added after the 31st of January. After 6 months a lien will be placed against the lot and the owner is then required to pay the lien fees as well as the back dues to have the lien removed. Foreclosure proceedings are always an option for the Board for collection of non payment of dues and the owners will then have to pay lawyer fees on top of dues and lien fees to correct the problem. Any Member who wishes to challenge an assessment must so inform the President, or in the President's absence, the Treasurer, of the Association within fifteen days of the notice of a regular assessment or within thirty days of the notice of a special assessment. Upon receipt of such written notice, the Board of Directors shall include the matter on the agenda for the next Board of Directors meeting. If no Board of Directors meeting is set within the next sixty days, the Board shall set a special meeting for such purpose within such sixty day period. At any time that the Board of Directors determines that a Member is in default in the payment of assessments, or any other charges, the Secretary shall so inform the Member, and also shall inform the Member of the right to request an opportunity to be heard on the matter at the next upcoming Board of Directors meeting, or within sixty days of the date of notice, whichever is sooner. A Member who chooses to challenge an assessment, or who receives a notice of a default in the payment of assessments, shall be entitled to be heard on the matter at a Board of Directors meeting prior to the Board initiating a collection action against the Member. The Member may designate a representative to speak on the Members behalf at the meeting on the matter. The costs of collection of unpaid assessments, including attorney's fees, may be billed to the Member responsible for the assessments, without commencing a legal proceeding, pursuant to C.R.S. '38-33.3-123(1)(a).

Section Two. Reimbursement of Litigation Expenses: If any lot is made subject to litigation which litigation causes the Association to be made a Party, the Owner of said lot shall be assessed a fee in the amount equal to the reasonable attorney fees and costs incurred by the Association to defend the rights of the Association as part of the Litigation including buy not limited to seeking dismissal from the litigation. This provision is permitted under C.R.S. §38-33.3-101 *et seq.*

Section Three Conflicts of Interest. If any contract, decision or other action taken by or on behalf of the Board of Directors would financially benefit any Director or any person who is a parent, grandparent, spouse, child or sibling of a Director or a parent or spouse of any of those persons, that Director shall declare a conflict of interest for that issue. The Director shall declare the conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the Director may participate in the discussion but shall not vote on that issue. Any contract entered into in violation of this section is void and unenforceable.

Section Four Conduct of Meetings. The order of business for any regular meeting of the Board of Directors shall be as follows: A. Calling of the roll. B. Secretary's proof of due notice of the meeting. C. Reading and disposal of unapproved minutes of prior meetings. D. Reports of officers. E. Reports of committees. F. Old or unfinished business. G. New business. The Board of Directors shall attempt to reach all decisions by consensus, but will operate by majority vote as necessary. All votes will be recorded in the minutes of the meeting. The Directors may conduct the meetings of Members pursuant to the same order of business as above, and decisions will be made by a simple majority vote or by a sixty-seven percent majority vote, as required by the Declarations and Bylaws. Matters such as the budget and the election of Directors shall be referenced specifically in the noticed agendas of the Members meetings. If the Board of Directors adopts Robert's Rules of Order for Board of Directors meetings or for the Members meetings, the Board of Directors shall reference such rules in the notice for the meeting, and shall have a copy of the rules available at the meeting.

Section Five. Enforcement of Covenants and Rules. Section One, above, provides for a notice and hearing procedure with regard to assessments issues. Similarly, with regard to any alleged infraction by a Member of the Declarations, the Bylaws, any Architectural Standards or Construction Regulations, these Rules, or any other applicable rules or regulations, the Board of Directors must provide the Member with notice of the alleged infraction, and an opportunity to be heard with regard to the alleged infraction, prior to imposing fines, removing privileges, or taking other action adverse to the Member. The Board of Directors shall provide the Member with an opportunity to be heard, either directly or through a designated representative, within sixty days of the time that the Board of Directors informs the Member of an alleged infraction. Except for cases involving emergencies or threats to public safety, the Board of Directors shall provide the Member with the opportunity to be heard prior to initiating any self-help or legal action. Except for cases involving emergencies or threats to public safety, the Member may postpone the Member's opportunity to be heard once at the Member's convenience, or twice with good cause. If the Member fails twice to use the hearing opportunity, the Board of Directors may proceed with the appropriate self-help or legal action as authorized by the Colorado Common Interest Ownership Act, the Declarations, the Bylaws, the Rules, or any other rules or regulations duly adopted by the Association. The addition to the fine provided in Bylaws shall be included in enforcement Schedule of Fines which will be attached hereto and considered an integral part of these Rules.

Section Six. Inspection and Copying of Association Records by Unit Owners. The policies are set out in Rules Article Five.

Section Seven Investment of Reserve Funds. The Associations reserve funds shall be invested prudently in a federally insured institution or in bills, bonds or other instruments that are backed by the full faith and credit of the United States or Colorado, pursuant to a recorded vote of the Board of Directors.

Section Eight Procedures for the Adoption and Amendment of Policies, Procedures and Rules. The procedures for the amendment of the Declaration of Covenants are set out in the Declaration of Covenants, Section 17. The Bylaws may be changed by the board of directors at any meeting of the board of directors, as the need shall arise except as noted below; however these amendments must be approved by a majority vote of those members present and represented in proxy at the next annual meeting or they will become ineffective as of the date of the annual meeting. The board of directors shall not be held liable for any damages resulting from any changes they make to the Bylaws that are within their authority but not subsequently approved by the SOA general membership, unless such action can be shown to be willful and wanton. The board shall not have the power to amend the Bylaws in regards to SOA voting rights or procedures. Voting rights and procedure Bylaws can only be changed by a two thirds (2/3) majority of votes cast at a regular called SOA general membership meeting.

Section Nine Board Education. The Board of Directors may authorize, and account for as a common expense, reimbursement of Directors for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of unit owners= associations. The course content of such educational meetings and seminars shall be specific to Colorado, and shall make reference to applicable sections of the Colorado Common Interest Ownership Act.

Section Ten Owner Education. The Association shall provide, or cause to be provided, education to owners at no cost on at least an annual basis as to the general operations of the Association and the rights and responsibilities of Members, the Association, and its Board of Directors under Colorado law. The criteria for compliance with this section shall be determined by the Board of Directors.

FISCAL YEAR: the fiscal year shall be June 1 through May 31.

President _____

Treasurer _____

Vice President _____

Member at Large _____

Secretary _____